



Home Furnishings

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Retailer

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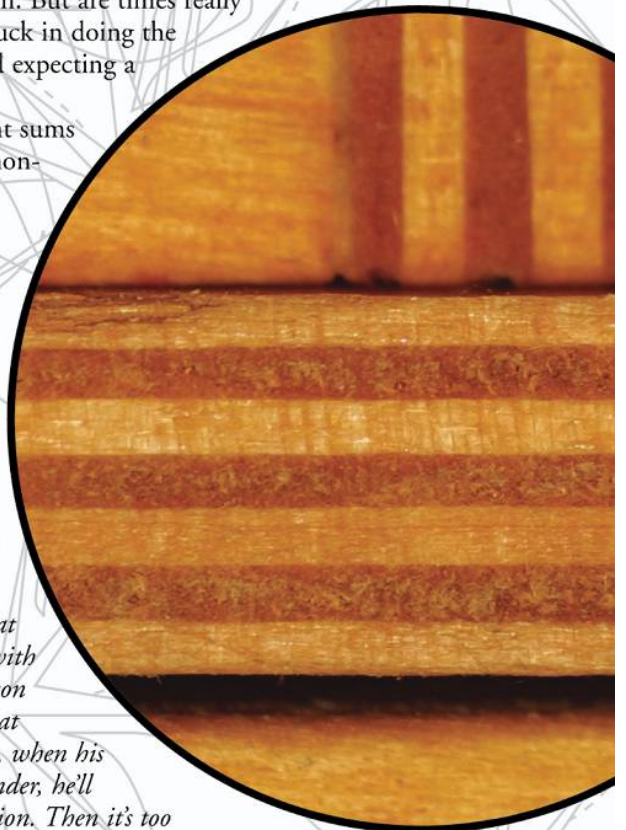
by Bill Napier

People shop for a lifestyle, so merchandise your floor and map marketing strategies that show consumers how you can improve their lives.

If you only promote the cheapest price, you'll only attract those continually looking for the cheapest.

The tone of retailers I spoke with at the recent Las Vegas market was tilted towards the negative — business is not very good for many of them. Usually in tough times, the first expenditure to go is advertising, marketing and promotion. But are times really that tough? Or are we just stuck in doing the same thing over and over and expecting a different result? I believe this “unknown author’s” statement sums up the result of this type of non-actionable strategy:

Why is it? A man wakes up in the morning after sleeping on an advertised bed in advertised pajamas. He will bathe in an advertised tub, shave with an advertised razor, have a breakfast of advertised juice, cereal and toast, toasted in an advertised toaster, put on advertised clothes and glance at his advertised watch. He'll ride to work in his advertised car, sit at an advertised desk and write with an advertised pen. Yet this person hesitates to advertise, saying that advertising doesn't pay. Finally, when his non-advertised business goes under, he'll advertise it for sale or liquidation. Then it's too late!



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Advertising is a “promise” that must be fulfilled or exceeded when your customer comes to the store. So why does it seem that everyone wants to be the cheapest retailer of furniture with \$299 and \$399 sofas?

Personally, I don’t like shopping at those big-box discounters or low-price stores. They’re cluttered, difficult to navigate, poorly staffed, and with the exception of a few items that I “need,” (toothpaste, shampoo, etc.), they don’t carry products that I “want.” That’s the promise they drilled into me with their advertising proposition — “cheap everything.” That advertising promise for me is fulfilled when I shop there, which now is basically never!

Seventy percent of Americans own their home, and 52 percent of all dollars spent on furniture is sold to households with incomes in excess of \$75,000 per year.

I don’t believe that our average customer, (female professional, 42 years old), aspires to own a stripped down, inexpensive car over and over, do you?

I believe people aspire to own a more luxurious vehicle that reflects their lifestyle at their particular lifestage. They’ve worked hard, become fairly successful and secure in their lifestyles and incomes. They want to express and reinforce to themselves and possibly others who and what they are and what they have accomplished. They do this where they spend most of their time and can surround themselves with this new-found comfort: in their home.

So, why is it that so many retailers are steadfast on marketing the cheapest prices/products? You have to sell five “families” that \$299 sofa to make the same margin that you would make on one \$1,499 sofa! That requires your sales and marketing efforts to work five times harder to make a decent margin versus working a little smarter and more focused — a difficult proposition when retailing is tough already.

Add this to a financing proposition of no payments for two, three or five or more years, and I have no clue how anyone can make any margin when they have to pay up to 13 points to the financing company for some of these options. Also consider your sales spike with these long-term financing promotions — robbing profitable sales for the next few months and jamming up your deliveries with basically unprofitable sales, further driving down your gross margins.

People shop for their lifestyle based on their “lifestage.” People starting out as a single, young professional or newly married couple are a good target for these types of promotions, BUT they won’t be a lifetime customer for \$299 sofas. Most people aspire to improve their lives and surround themselves with what they want and need, not just what they need.

The key here is to engage your audience with a creative, enticing proposition with an overall message that motivates them to come into your store. Then over-deliver on that promise by properly merchandising your floor with good promotional product, as well as offering other products and services that appeal to those that actually spend most of the dollars. By always trying to be the cheapest, you will attract only the people looking for the cheapest.

Research shows that furniture buying is a planned purchase, but more importantly for you as a retailer, it’s also an impulse buy. In other words, it goes like this: I know I need a new sofa, bed, or dining room. So I start the buying process looking at furniture advertisements and websites in order to get an idea of what I will need to spend in order to get what I want. Then, when I’m ready to buy, I have a “top of mind” destination as to the type of store that may appeal to me and carries what I want.

The impulse purchase comes from the “I see it, I like it, and I can afford it now.” According to the



Promotion Marketing Association, more than 65 percent of purchasing decisions are made at the point of sale, and more than 60 percent of these are unplanned. Why is it we don't harness this buying behavior through our advertising, marketing, promotion and sales training?

So when we develop our unique selling proposition, why is it that some retailers don't merchandise and accessorize their stores properly? By ignoring this opportunity, they are losing out on the opportunity to communicate this important platform to the consumer that their store is the destination for home furnishings. Is it because of the additional investment, or is it that they're satisfied with having their customers visit their stores only once every three to five years to buy furniture, as research states?

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Whatever the reason, our industry has been complacent in too many areas, leaving these opportunities to the other home-related retailers like Pier 1, Target, TJ Maxx Home and others. Many independent retailers do not merchandise and accessorize their product properly so that people can visualize how it will fit their lifestyle or look in their home. I call it the “WOW” factor, but there is another strategy here, and

that is to drive more and consistent traffic to your stores, maybe as often as three to five times per year!


A furniture store should be sending a consistent message — “We Sell Home Furnishings,” not just sofas, chairs, beds and tables.

Consider this: how many special occasions do we shop for? Of course, we have the obvious ones, federal and state holidays, but what about anniversaries, birthdays, weddings, and the myriad of other occasions where something for the home would be the perfect present? By accessorizing and promoting your store properly, you create a destination stop for these items.

Now, instead of a person visiting your store every three years, they may visit every two or three months, especially if your store remains fresh in its merchandise and layout. In doing so, a shopper gets to see the entire array of new product throughout the entire year, increasing the opportunity for that planned purchase-impulse buying behavior. Plus, you have additional reasons to advertise, market and promote your store with fresh merchandise and an engaging message that differentiates you from the countless price promotions of other stores.

Addressing these issues is just one element of the total store equation. And again I ask, why is it that when a great strategy is presented to consumers in the form of advertising, marketing or promotion, we fail to engage and execute that strategy (or promise) through our primary stakeholders — our people on the floor? Too often, great creative messages get lost here, for these critical people are not properly informed of the strategy or trained in the product being promoted.

I believe manufacturers and retailers can improve their unique selling proposition that inspires, motivates and engages the consumer to “want” instead of need. In order to complete this cycle, the people on the floor have to be even more inspired, motivated and educated to deliver that selling proposition. That is a subject we plan to address next month as we continue to ask:

“Why is it?” 

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